SECTION 2 THE DHR MANAGEMENT MODEL

A. The DHR Management Model

B. Glossary of Terms

C. DHR Criteria for Performance Excellence

A. THE DHR MANAGEMENT MODEL

The DHR Management Model, which is based on the State of Maryland's Management Model, is a comprehensive management system that integrates Managing for Results **(MFR)**, Continuous Quality Improvement **(CQI)**, the Performance, Planning and Evaluation Program **(PEP)**, and the State **Budget** process. The model uses the **DHR Criteria for Performance Excellence** (based on the national Malcolm Baldrige Award Performance Excellence Criteria and the Governor's Performance Excellence Assessment Program Criteria) to evaluate the performance of the organization as managed by the other four elements.

Using **MFR**, the organization develops or confirms the mission and values that define **what the organization is, what it does, and why it does it.** It articulates a vision for the future, sets goals and objectives to chart the direction, and identifies performance measures to measure progress toward results. **MFR** also describes how to use strategies and action plans to achieve objectives. Using this approach, the organization develops its strategic plan - a written guide that directs its quality improvement efforts and resource allocations over a (four to five- year) period of time.

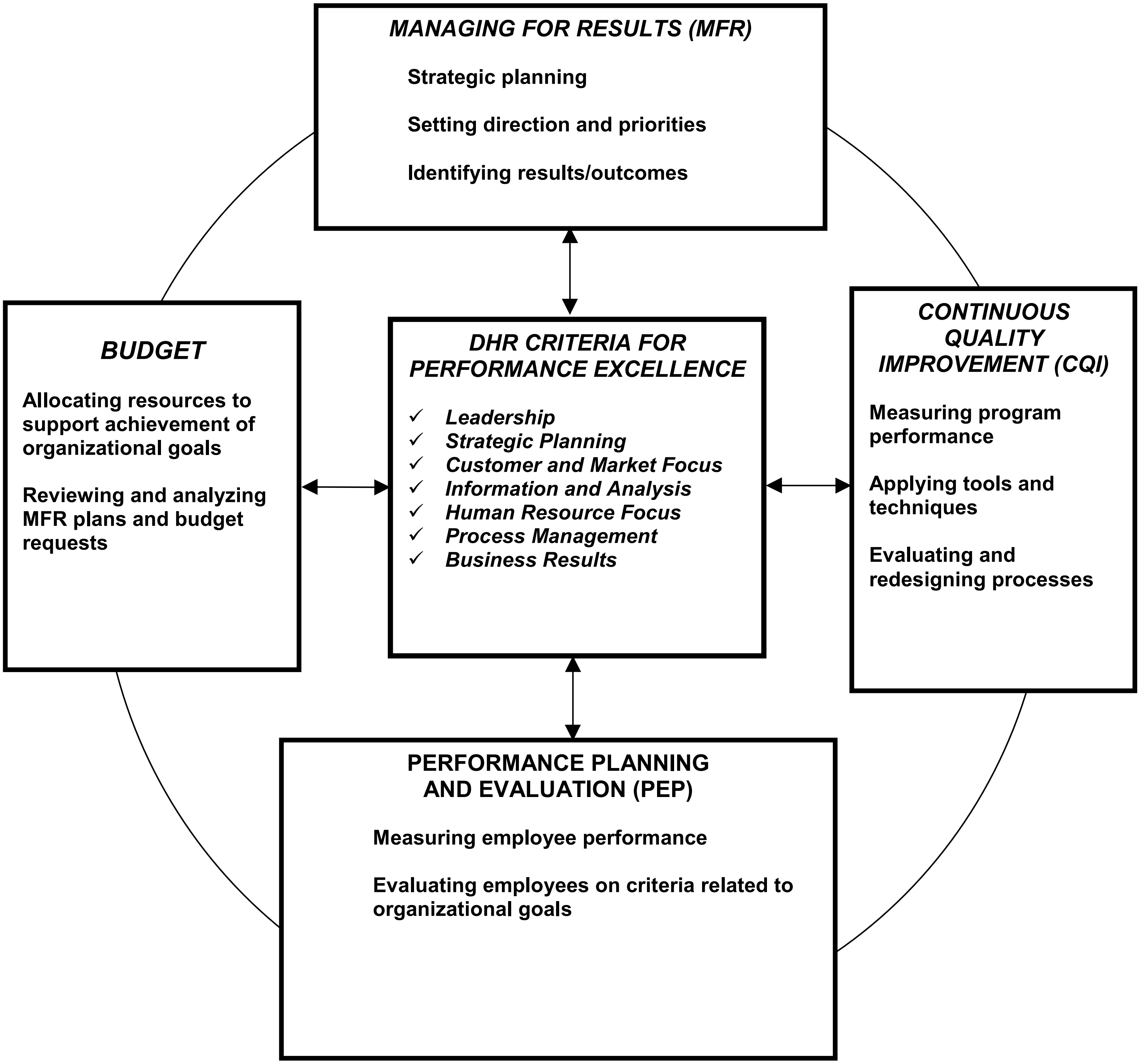
CQI tools and techniques support **how** the strategic plan is implemented. **CQI** is targeted to improve strategies and processes that support achievement of the organization's **MFR**-guided mission, goals, and objectives. A core concept of **CQI** is customer focus – understanding and respecting customer requirements, and striving to meet and exceed customer expectations.

PEP relates to **who** implements the strategic plan – the employees – and establishes employee performance expectations based on the plan. **PEP** relates to the **CPI** core concept of employee involvement – providing the resources, education, and opportunity to influence decision-making through team-based improvement initiatives. Involved and supported employees are better prepared to accept responsibility for implementing the **MFR**-developed strategic plan.

The **Budget** process determines **how much** is available in the way of resources to support **MFR**-developed strategies. Budget development must consider the organization's priorities as established by the strategic plan. The organization simultaneously monitors its budget and its progress in achieving its objectives. Using **CPI** tools, employees continuously look for opportunities to make processes more efficient, thereby saving increasingly scarce **budget** resources.

The **DHR Criteria for Performance Excellence** is used to evaluate the organization's performance compared to specific standards in six key categories: *Leadership; Strategic Planning; Customer Focus; Information and Analysis; Human Resource Focus; and Process Management*. Elements of **MFR**, **CQI**, **PEP** and the **Budget** are interwoven throughout the six categories. Consistent with the main tenet of MFR, the final category of the **DHR Criteria for Performance Excellence** addresses *Results* obtained in the proceeding six categories.

THE DHR MANAGEMENT MODEL
CONNECTING THE DOTS TO EXCELLENCE



B. GLOSSARY OF TERMS

Accreditation is a system of measuring an organization's compliance to national standards that have achieved professional and consumer consensus. The Council on Accreditation of Services for Children and Families, Inc. (COA) is a comprehensive independent accreditor of behavioral health care and social service organizations.

Alignment refers to consistency of plans, processes, information, resource decisions, actions, results, analysis, and learning to support key organization-wide goals. Effective alignment requires a common understanding of purposes and goals, and use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the key process level, and the work unit level.

Assessment (Internal and External) is an analysis and evaluation of internal conditions and external factors that affect the organization's efforts to achieve its mission. An internal/external assessment provides a baseline assessment of the organization, which is the foundation for all other phases of the Managing for Results process.

Balanced Scorecard is a comprehensive tool used to monitor organizational performance. The scorecard is designed to provide a balanced view of the organization from four different perspectives: customer, internal, innovation and learning, and financial. The scorecard is used to communicate priorities and strategies throughout the organization, align goals within the organization to strategies and strategic objectives, align and focus the efforts and resources of the organization, and monitor progress and introduce initiatives to improve performance.

Baseline is the level of performance identified at the beginning of an improvement process that can be used to set improvement goals and targets, and provide the basis for assessing future progress.

Benchmark is a standard by which an organization measures its performance. Organizations may use "best practices" of other Maryland agencies, other states, the private sector, or its own past performance to help establish desired outcomes. Statutory requirements or professional, national, or accreditation standards can be the basis for benchmarks.

Budget refers to the annual State budget process.

Charter spells out the authority and the responsibility of a team. A charter is utilized to provide guidance, legitimize activities, and define boundaries. It should give enough structure to prevent chaos, but not so much structure to constrain creativity.

Continuous Quality Improvement is a strategic, integrated management system for achieving customer satisfaction which involves all managers and employees, and which uses tools and techniques to continuously assess and improve an organization’s services and processes. A significant part of this ongoing process is the establishment of customer-focused, outcome-based performance measures, and monitoring and analyzing those performance measures as a means of making improvements on an ongoing basis.

Customer is the person the organization serves. Customers may be inside or outside the organization. Internal customers are units or persons in an organization whose work depends upon another unit or person within the same organization. External customers are end users of the organization’s products or services.

DHR Criteria for Performance Excellence is a set of criteria that has been adopted from the nationally recognized Malcolm Baldrige National Quality Award Program. The Baldrige Criteria are the basis for organizational self-assessments, help improve organizational performance, and guide planning and training. The Governor’s Performance Excellence Award is based on the Baldrige Criteria as well.

Goal is the general end toward which an organization directs its efforts. Goals clarify the mission and provide direction but do not state how to get there. Goals are long-term, general, and not quantified.

Knowledge Management is a systematic process to identify important information, lessons learned, and tacit knowledge, and enables people to share that knowledge and create new knowledge. It is intended to make knowledge easily accessible and transferable so people can learn from and use it routinely.

Managing for Results (MFR) is a future-oriented process that emphasizes deployment of resources to achieve meaningful results. Managing for Results constitutes the overall framework within which strategic planning, accountability, and continuous improvement in program performance and budgeting take place.

Maryland Management Model is a customer focused management model adopted by the State that encompasses Managing for Results (MFR), Budget, Continuous quality improvement (CPI), and the Performance Evaluation and Planning Program (PEP). These complementary management tools share a focus on addressing customer and stakeholder needs, attaining planned results, and providing for accountability through measurement. **The DHR Management**

Model is based on the Maryland Management Model. The **DHR Criteria for Performance Excellence** is included in the model.

Mission is a short comprehensive statement of the reason for an organization's existence. It succinctly identifies who the organization is, what it does, why it does it, and for whom.

Objective is a statement of a desired result to be achieved within a specified time. Objectives are specific and measurable targets for achievement, which are necessary to realize goals. Objectives describe the exact results desired, and include a degree of change and a timetable for accomplishment. They are directed to a shorter term than are goals. Objectives are **SMART**. They are **S**pecific, **M**easurable, **A**ggressive yet attainable, **R**esults-oriented, and **T**ime-bound.

Organizational Development is the field of study and practice that focuses on various aspects of organizational life, aspects that include culture, values, systems, and behaviors. The goal of organizational development is to increase organizational effectiveness through planned interventions in the organization's processes or operations.

Outcomes are the most indicative measures of the success of an organization in meeting the needs of its customers. Service outcomes and achievement of service goals can be measured by:

a) changes in clinical status;
b) changes in functional status;
c) quality of life;
d) health, welfare, and safety; and
e) permanency of life situation.

Performance refers to output results obtained from processes, products, and services that permit evaluation and comparison relative to goals, standards, past results, and other organizations. Performance can be expressed in non-financial and financial terms.

Performance Measures and Indicators refer to numerical information that quantifies input, output, and performance dimensions of processes, products, services, and the overall organization (outcomes). Some users of these terms make no distinction between measures and indicators. Other users prefer the term indicator when:

a) the measurement relates to performance but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction but not a direct measure of it);

b) the measurement is a predictor or "leading indicator" of some more significant performance (e.g., increased customer satisfaction might be a leading indicator of market share gain); and
c) the types of measures include input, output, efficiency, outcome, and quality.

Performance Planning and Evaluation Program (PEP) is the process by which supervisors and employees come together to discuss goals, objectives, and expected performance throughout the year. This process allows the supervisor and employee to improve their communication and plan for higher levels of output from the unit or department.

Performance Standards are the requirements by which successful completion of the Essential Job Functions of a position are measured. Performance Standards set the required level of performance and expected results for the job. A fully experienced and competent employee will consistently meet the Performance Standards for a job.

Processes are methods used to get results. They are required to convert ideas and resources into products and services.

Quality is the level of conformity of products, services, and the environment to the needs of the customer.

- **Quality Measure** is effectiveness in meeting expectations of customers and stakeholders and in meeting program objectives. Quality measures may reflect reliability, accuracy, courtesy, competence, responsiveness, and completeness associated with a service or product.

Result refers to outcomes achieved by an organization. Results are evaluated on the basis of current performance, performance relative to appropriate comparisons, the rate, breadth, and importance of performance improvements, and the relationship of results to key organizational performance requirements.

Stakeholders are organizations, groups, or individuals who have a vested interest in or expectations of certain levels of performance or compliance from the organization. Stakeholders are sometimes referred to as expectation groups. For example, stakeholders include legislators, advocacy groups, policy makers, and taxpayers.

Strategic Planning is a practical, action-oriented guide which is based upon evaluation of key factors, both internal and external to the agency, which influence the ability of the agency to carry out its mission. The plan directs goal setting and resource allocation to achieve desired results over time. For purposes of these standards, the term “long-term planning” and “strategic planning” is synonymous.

Supplier is any person or activity that provides input to a system.

System is a set of independent/interdependent activities that transform inputs from an external environment into outputs for the same or other external environment.

Systematic refers to approaches that are repeatable and use data and information so that improvement and learning are possible. Approaches are systematic if they build in the opportunity for evaluation and learning and thereby permit a gain in maturity.

Value-added is increased benefit that is accrued during transformation of inputs into outputs.

Vision is a brief and compelling description of the preferred ideal future including the conditions and quality of life. A vision statement should be focused on what will happen if an organization is successful, not what the organization itself will look like.

C. DHR CRITERIA FOR PERFORMANCE EXCELLENCE

1. Overview of Criteria and Effective Practices (includes DataStat and Connect the Dots)

2. DHR Organizational Excellence Team

3. Governor's Performance Excellence Assessment Program

C. 1. OVERVIEW OF CRITERIA AND EFFECTIVE PRACTICES

The DHR Criteria for Performance Excellence is the core of the DHR Management Model and is a systematic evaluative process used to assess organizational strengths and opportunities for improvement. Based on the national Malcolm Baldrige Criteria for Performance Excellence and adopted by the State of Maryland, the criteria allows an organization to analyze how it operates and compares its performance to excellent, award winning organizations. It breaks down business activities into seven major categories: Leadership; Strategic Planning; Customer Focus; Information and Analysis; Human Resource Focus; Process Management and Results. The final category evaluates the Results obtained in the preceding six categories.

The DHR Criteria for Performance Excellence promotes a culture of performance excellence. When used in conjunction with the other components of the DHR Management Model, the Department's management system focuses on addressing customer and stakeholder needs, attaining planned results, and providing accountability through performance measurement.

The key to the Criteria is that all seven categories are important and need to be aligned and connected. Aligned improvement activities are far more powerful than haphazard or uncoordinated efforts. The Criteria allows an organization to see where there are alignment issues between management initiatives and to make deliberate changes and improvements. The categories, related criteria, and effective practices follow.

Please note that <u>DataStat</u> and <u>Connect the Dots</u> are included at the end of the Criteria section because they undergird the comprehensive organizational development and performance excellence efforts of the Department.

Criteria for Performance Excellence

Category 1: Leadership
The Leadership Category examines how the organization's senior leaders address values and performance expectations, as well as a focus on customers and other stakeholders, empowerment, innovation, learning, and organizational directions. This category also looks at how the organization meets its responsibilities to the public and how it practices good citizenship.

Organizational Leadership
- Communicating and reinforcing clear values, performance expectations, and a focus on creating value for customers and other stakeholders.
- Reinforce environment for empowerment and innovation and employee and organizational learning.
- Reviewing organizational performance and capabilities, competitiveness, and progress relative to goals, and setting priorities for improvement.
- Evaluating and improving the effectiveness of senior leadership and management throughout the organization, including employee input in the process.

Organizational Leadership Effective Practices
- All senior leaders are **personally** involved in performance improvement
- Senior leaders regularly communicate Performance Excellence values to managers and ensure that managers demonstrate those values
- Senior leaders participate on performance improvement teams and use quality tools and practices
- Senior leaders mentor managers and ensure that promotion criteria reflect organizational values
- Senior leaders study and learn about the improvement practices of other organizations
- Senior leaders ensure that organizational values are used to provide direction to all employees to help achieve the mission, vision, and performance goals
- Senior leaders effectively surface problems and encourage employee risk taking
- Roles and responsibilities of managers are clearly defined, understood by them and used to judge performance
- Managers walk the talk in leading quality and systematic performance improvement
- Systems and procedures are deployed that encourage cooperation and a cross-functional approach to management, team activities, and problem solving
- A systematic process is in place for evaluating and improving the integration or alignment of quality values throughout the organization
- Reviews against measurable performance standards are held frequently

- Senior leaders systematically and routinely check the effectiveness of their leadership activities and take steps to improve
- Priorities for organizational improvement and innovation are driven by customer, performance, and financial data
- Senior leaders base decisions on reliable data and facts pertaining to customers, operational processes, and employee performance and satisfaction
- Senior leaders hold regular meetings to review performance data and communicate problems, successes, and effective approaches to improve work

Public Responsibility and Citizenship
- For regulatory and other legal requirements in such areas as safety, environmental protection, and waste management; anticipating public concerns and addressing risks to the public; and ensuring ethical business practices.
- For strengthening and supporting key communities.

Public Responsibility and Citizenship- Effective Practices
- Organization’s principal business activities include systems to analyze, anticipate, and minimize public hazards or risk
- The effectiveness of systems to meet or exceed regulatory or legal requirements is systematically evaluated and improved
- Senior leaders and employees at various levels are involved in professional organizations, committees, task forces, or other community activities
- Organizational resources are allocated to support involvement in community activities

Category 2: Strategic Planning

The Strategic Planning Category examines the organization's strategy development process, including how strategic objectives, action plans and related human resource plans are developed. The key role of strategic planning is to provide a basis for aligning the organization's work processes with its strategic directions, ensuring people and processes in different parts of the organization are not working at cross purposes.

Strategy Development

- Customers: market requirements and evolving expectations
- Competitive environment: industry, market, and technology
- Financial and societal risks
- Human resource capabilities and needs
- Operational capabilities and needs, including resource availability
- Supplier capabilities and needs
- Develop clear strategic objectives with timetables

Strategy Development – Effective Practices

- Business goals, strategies, and issues are addressed and reported in measurable terms. Goals consider future requirements needed to achieve organizational leadership after considering the quality levels other organizations are likely to achieve.
- The planning and goal setting process encourages input (but not necessarily decision making) from a variety of people at all levels throughout the organization.
- Data on customer requirements, key markets, benchmarks, supplier and partner, human resource, and organizational capabilities (internal and external factors) are used to develop business plans.
- Plans are evaluated each cycle for accuracy and completeness – more often if needed to keep pace with changing business requirements.
- Areas for improvement in the planning process are identified systematically and carried out each planning cycle.
- Refinements in the process of planning, plan deployment, and receiving input from work units have been made. Improvements in plan cycle time, plan resources, and planning accuracy are documented.
- Strategic objectives are identified and a timetable for accomplishing the objectives is set.
- Options to obtain best performance for the strategic objectives are systematically evaluated against the internal and external factors used in the strategy development process.

Strategy Deployment

- Translate strategy into action plans and related human resource plans

- Align and deploy action plan requirements, performance measures, and resources throughout the organization
- Project expected performance results, including assumption of competitor performance increases

Strategy Deployment – Effective Practices

- Plans are in place to optimize operational performance and improve customer focus using tools, such as reengineering, streamlining work processes, and reducing cycle time.
- Strategies to retain or establish leadership positions exist for major products and services for key customers or markets.
- Strategies to achieve key organizational results (operational performance requirements) are defined.
- Planned quality and productivity levels are defined in measurable terms for key features of products and services.
- Planned actions are challenging, realistic, achievable, and understood by employees throughout the organization. Each employee understands his or her role in achieving strategic and operational goals and objectives.
- Resources are available and committed to achieve the plans (no unfunded mandates).
- Plans are realistic and used to guide operational performance improvements.
- Incremental (short-term) strategies to achieve long-term plans are defined in measurable terms.
- Business plans, short- and long-term goals, and performance measures are understood and used to drive actions throughout the organization.
- Each individual in the organization, at all levels, understands how his or her work contributes to achieving organizational goals and plans.
- Plans are followed to ensure that resources are deployed and redeployed as needed to support goals.
- Human resource plans support strategic plans and goals. Plans show how the workforce will be developed to enable the organization to achieve its strategic goals.
- Key issues of training and development, hiring, retention, employee participation, involvement, empowerment, and recognition and reward are addressed as part of the human resource plan.
- Innovative strategies may involve one or more of the following:
  - Redesign of work to increase employee responsibility
  - Improved labor-management relations (i.e. prior to contract negotiations, train both sides in effective negotiation skills so that people focus on the merits of the issues, not on positions. The goal is to improve relations and shorten negotiation time by 50%).
  - Forming partnerships with education institutions to develop employees and ensure a supply of well-prepared future employees.

  - Developing gain-sharing or equity-building compensation systems for all employees to increase motivation and productivity.
  - Broadening employee responsibilities; creating self-directed or high performance work teams.
- Key performance measures have been identified to gather data to manage progress.
- The effectiveness of human resource planning and alignment with strategic plans is evaluated systematically.
- Data are used to evaluate and improve performance and participation for all types of employees (absenteeism, turnover, grievances, accidents, recognition and reward, training participation).
- Routine, two-way communication about performance of employees occurs.
- The process to develop action plans to support strategic objectives is systematically evaluated.
- Projections of two- to five-year changes in performance levels are developed and used to track progress.
- Data from key benchmarks and/or past performance form a valid basis for comparison. The organization has strategies and goals in place to meet or exceed the planned levels of performance for these benchmarks.
- Plans include expected future levels of comparison performance and are used to set and validate the organization's own plans and goals.

Category 3: Customer and Market Focus
Customer and Market Focus addresses how the organization seeks to understand the voices of customers and of the marketplace. The category stresses relationships as an important part of an overall listening, learning, and Performance Excellence strategy. Customer satisfaction and dissatisfaction results provide vital information for understanding customers and the marketplace.

Customer and Market Knowledge
- Determining market or customer segments
- Determining customer information validity
- Determining important product or service features
- Using complaint information and data from potential and former customers

Customer and Market Knowledge - Effective Practices
- Various systematic methods are used to gather data and identify current requirements and expectations of customers (for example, surveys, focus groups).
- Key product and service features are defined. Product and service features refer to all important characteristics and to the performance of products and services that customers experience or perceive throughout their use. The focus is primarily on factors that bear on customer preference and loyalty, for example, those features that enhance or differentiate products and services from competing offerings.
- Customer requirements are identified or grouped by customer segments.
- Customer data, such as complaints and gains or losses of customers, are used to support the identification of key customer requirements.
- Various systematic methods are used to identify the future requirements and expectations of customers.
- Customers of competitors are considered and processes are in place to gather expectation data from potential customers.
- Effective listening and learning strategies include:
  - Close monitoring of technological, competitive, societal, environmental, economic, and demographic factors that may bear on customer requirements, expectations, preferences, or alternatives;
  - Focus groups with demanding or leading-edge customers;
  - Training of frontline employees in customer listening;
  - Use of critical incidents in product or service performance or quality to understand key service attributes from the point of view of customers and frontline employees; - Interviewing lost customers; - Won/lost analysis relative to competitors; and Analysis of major factors affecting key customers.
- Analytical tools, such as forced choice or paired choice (where customers select between options A and B, A and C, B and C, and so forth). Using this technique, organizations quickly prioritize requirements and focus on

delivering those that make the greatest impact on satisfaction, repeat business, and loyalty. Methods to listen and learn from customers are evaluated and improved through several cycles. Examples of factors that are evaluated include:
- The adequacy and timeliness of customer-related information;
- Improvement of survey design;
- Approaches for getting reliable and timely information - -surveys, focus groups, customer-contact personnel; and
- Improved aggregation and analysis of information.

➢ Best practices for gathering customer requirements and forecasting are gathered and used to make improvements.

Customer Satisfaction and Relationships

➢ Making customer contact and feedback easy and useful
➢ Handle complaints effectively and responsively
➢ Ensure complaint data are used to eliminate cause of complaints
➢ Build customer relationships and loyalty
➢ Systematically determine customer satisfaction and the satisfaction of competitor's customers

Customer Satisfaction and Relationships – Effective Practices

➢ Several methods are used to ensure ease of customer contact, 24 hours a day if necessary (for example, toll-free numbers, pagers for contact personnel, web sites, e-mail, surveys, interviews, focus groups, electronic bulletin boards).
➢ Customer-contact employees are empowered to make decisions to address customer concerns.
➢ Adequate staff are available to maintain effective customer contact.
➢ Performance expectations are set for employees whose job brings them in regular contact with customers.
➢ The performance of employees against these expectations is measured and tracked.
➢ A system exists to ensure that customer complaints are resolved promptly and effectively.
➢ Complaints and customer concerns are resolved at first contact. This often means training customer-contact employees and giving them authority for resolving a broad range of problems.
➢ Complaint data are tracked and used to initiate prompt corrective action to prevent the problem from recurring.
➢ Procedures are in place and evaluated to ensure that customer contact is initiated to follow up on recent transactions to build relationships.
➢ Training and development plans and replacement procedures exist for customer-contact employees.

- Objective customer-contact requirements (service standards) have been derived from customer expectations (for example, timeliness, courtesy, efficiency, thoroughness, and completeness).
- Requirements for building relationships are identified and may include factors, such as product knowledge, employee responsiveness, and various customer contact methods.
- A systematic approach exists to evaluate and improve service and customer relationships.
- Several customer satisfaction indicators are used (for example, repeat business measures, praise letters, and direct measures using survey questions and interviews).
- Comprehensive satisfaction and dissatisfaction data are collected and segmented or grouped to enable the organization to predict customer behavior (likelihood of remaining a customer).
- Customer satisfaction and dissatisfaction measurements include both a numerical rating scale and descriptors assigned to each unit in the scale. An effective (actionable) customer satisfaction and dissatisfaction measurement system provides the organization with reliable information about customer ratings of specific product and service features and the relationship between these ratings and the customer's likely market behavior.
- Customer dissatisfaction indicators include complaints, claims, refunds, recalls, returns, repeat services, litigation, replacements, performance rating downgrades, repairs, warranty work, warranty costs, misshipments, and incomplete orders.
- Satisfaction data are collected from former customers.
- Competitors' customer satisfaction is determined using various means, such as external or internal studies.
- Methods are in place to ensure objectivity of these data.
- Organization-based or independent organization comparative studies take into account one or more indicators of customer dissatisfaction, as well as satisfaction. The extent and types of several improvement cycles are evident.

Category 4: Information and Analysis

This category examines the organization's performance measurement system and how the organization analyzes performance data and information. Category 4 is the brain center for the alignment of the organization's operations and its strategic direction.

Measurement of Organizational Performance

- Mechanical processes associated with data collection, information, and measures (including comparative data) for planning, decision making, improving performance, and supporting action plans and operations.

Measurement of Organizational Performance – Effective Practices

- Data collected at the individual worker level are consistent across the organization to permit consolidation and organization wide performance monitoring.
- Every person has access to the data they need to make decisions about their work, from top leaders to individual workers or teams of workers.
- Quality and operational data are collected and routinely used for management decisions.
- Internal and external data are used to describe customer satisfaction and product and service performance.
- The cost of quality and other financial concerns are measured for internal operations and processes.
- Data are maintained on employee-related issues of satisfaction, morale, safety, education and training, use of teams, and recognition and reward.
- Supplier performance data are maintained.
- The performance measurement system is systematically evaluated and refined.
- Improvements have been made to reduce cycle time for data collection and to increase data access, reliability, and use.
- Employees, customers, and suppliers are involved in validating data.
- A systematic process exists for data review and improvement, standardization, and easy employee access to data. Training on the use of data systems is provided as needed.
- Data used for management decisions' focus on critical success factors are integrated with work processes for the planning, design, and delivery of products and services.
- Users of data help determine what data systems are developed and how data are accessed.
- A systematic process is in place for identifying and prioritizing comparative information and benchmark targets.
- Research has been conducted to identify best-in-class organizations, which may be competitors or non-competitors.

- Key processes or functions are the subject of benchmarking. Activities, such as those that support the organization's goals and objectives, action plans, and opportunities for improvement and innovation are the subject of benchmarking.
- Benchmarking covers key products, services, customer satisfiers, suppliers, employees, and support operations.
- The organization reaches beyond its own business to conduct comparative studies.
- Benchmark or comparison data are used to improve the understanding of work processes and to discover the best levels of performance that have been achieved. Based on this knowledge, the organization sets goals or targets to stretch performance, as well as drive innovations.
- A complete understanding of the cost and benefit of improvement options exists.
- Correlation and projections of data are used to support business planning at all levels.
- Any systematic process is in place to improve the use of benchmark or comparison data in the understanding of all work processes.

Analysis of Organizational Performance
- Analytical processes used to make sense out of the data
- How analytical processes are deployed throughout the organization and used to support organization level review, decision making and planning

Analysis of Organizational Performance – Effective Practices
- Systematic processes are in place for analyzing all types of data and to determine overall organizational health, including key business results, action plans, and strategic objectives. Part of the process is a method to evaluate the effectiveness of the analysis process and improve.
- Facts, rather than intuition, are used to support most decision-making at all levels based on the analyses conducted to make sense out of the data collected.
- The analysis process itself is analyzed to make the results more timely and useful for decision making for quality improvement at all levels.
- Analysis processes and tools, and the value of analyses to decision-making are systematically evaluated and improved.
- Analysis is linked to workgroups to facilitate decision making (sometimes daily) throughout the organization.
- Analysis techniques enable meaningful interpretation of the cost and performance impact of organization processes. This analysis helps people at all levels of the organization make necessary trade-offs, set priorities, and reallocate resources to maximize overall organization performance.

Category 5: Human Resource Focus
This category examines how the organization enables employees to develop and utilize their full potential, aligned with the organization's objectives. It also examines the organization's efforts to build and maintain a work environment and an employee support climate conducive to Performance Excellence, full participation, and personal and organizational growth.

Work Systems
- Design, organize, and manage work and jobs to optimize employee performance and potential
- Recognition and reward practices support objectives for customer satisfaction, performance improvement, and employee and organization learning goals
- Identify skills needed by potential employees, recruit and hire

Work Systems – Effective Practices
- Fully using the talents of all employees is a basic organizational value.
- Managers use cross-functional work teams to break down barriers, improve effectiveness, and meet goals.
- Teams have access to data and are authorized to make decisions about their work.
- Employee opinion is sought regarding work design and work processes.
- Prompt and regular feedback is provided to teams regarding their performance. Feedback covers both results and team process.
- Although lower-performing organizations use teams for special improvement projects (while the "regular work" is performed using traditional approaches), higher-performing organizations use teams and self-directed employees as the way regular work is done.
- Self-directed or self-managed work teams are used throughout the organization. They have authority over matters, such as budget, hiring, and team membership and roles.
- A systematic process is used to evaluate and improve the effectiveness. and extent of employee involvement.
- Many indicators of employee involvement effectiveness exist, such as the improvements in time or cost reduction produced by teams.
- The performance management system provides feedback to employees that support their ability to contribute to a high-performing organization.
- Compensation, recognition, and rewards/incentives are provided for generating improvement ideas. Also, a system exists to encourage and provide rapid reinforcement for submitting improvement ideas.
- Compensation, recognition, and rewards/incentives are provided for results, such as for reductions in cycle time and exceeding target schedules with error-free products or services at less-than-projected cost.

- Employees, as well as managers, participate in creating the compensation, recognition, and rewards/incentives practices and help monitor its implementation and systematic improvement.
- The organization evaluates its approaches to employee performance and compensation, recognition, and rewards to determine the extent to which employees are satisfied with them, the extent of employee participation, and the impact of the system on improved performance.
- Evaluations are used to make improvements. The best organizations have several improvement cycles. (Many improvement cycles can occur in one year.)
- Performance measures exist for employee involvement, self-direction, and initiative. Goals for these measures are expressed in measurable terms. These measurable goals form at least a good part of the basis for performance recognition.
- Customer satisfaction ratings' as well as other performance measures influence recognition, reward/incentives, and compensation.

Employee Education, Training and Development

- Deliver, evaluate and reinforce appropriate training to achieve action plans and address organization needs, including knowledge, skills, and abilities to improve employee development and performance

Employee Education, Training and Development – Effective Practices

- Systematic needs analyses are conducted by managers and employees to ensure that skills required to perform work are routinely assessed, monitored, and maintained.
- Clear linkages exist between strategic objectives and the education and training that are provided. Skills are developed based on work demands and employee needs.
- Employee input is considered when developing training plans.
- Employee career and personal development options, including development for leadership, diversity, new-employee orientation, and safety, are enhanced through formal education and training. Some development uses on-the-job training, such as rotational assignments or job exchange programs.
- The organization uses various methods to deliver training to ensure that it is suitable for employee knowledge and skill levels.
- Training is linked to work requirements, which managers reinforce on the job. Just-in-time training is preferred (rather than just-in-case training) to help ensure that the skills will be used immediately after training.
- Employee feedback on the appropriateness of the training is collected and used to improve course delivery and content.
- The organization systematically evaluates training effectiveness on the job. Performance data are collected on individuals and groups at all levels to assess the impact of training.

- Employee satisfaction with courses is tracked.
- Training design and delivery is systematically refined and improved based on these evaluations.

Employee Well Being and Satisfaction
- Improve employee safety, well being, development, and satisfaction and maintain a work environment free from distractions to high performance
- Leaders at all levels encourage and motivate employees to reach full potential
- Systematically evaluate employee well being, satisfaction and motivation and identify improvement priorities that promote key business results

Employee Well Being and Satisfaction – Effective Practices
- Quality activities consider issues relating to employee health, safety, and workplace environment. Plans exist to optimize these conditions and eliminate adverse conditions.
- Root causes of health and safety problems are systematically identified and eliminated. Corrective actions are communicated widely to help prevent the problems in other parts of the organization.
- Targets are set and reviewed for all key health, safety, and ergonomic factors affecting the employees' work environment.
- Special activities and services are available for employees. These can be quite varied, depending on the needs of different employee categories. Examples include the following:
  - Flexible benefits plan, including health care, on-site day care, dental, portable retirement, education (both work and non-work-related), maternity, paternity, and family illness leave.
  - Group purchasing power program where the number of participating merchants are increasing steadily.
  - Special facilities for employee meetings to discuss their concerns.
- Senior leaders build a work climate that addresses the needs of a diverse workforce. Recruitment and training are tools to enhance the work climate.
- Key employee satisfaction opinion indicators are gathered periodically based on the stability of the organization (organizations in the midst of rapid change conduct assessments more frequently).
- On-demand electronic surveys are available for quick response and tabulations any time managers need employee satisfaction feedback.
- Satisfaction data are derived from employee focus groups, e-mail data, employee satisfaction survey results, turnover, absenteeism, stress-related disorders, and other data that reflect employee satisfaction. (A key employee satisfaction indicator is one that reflects conditions affecting employee morale and motivation.)
- Managers use the results of these surveys to focus improvements in work systems and enhance employee satisfaction. Actions to improve satisfaction are clearly tied to assessments, so employees understand the value of the

assessment and the improvement initiative does not appear random or capricious.

- Employee satisfaction indicators are correlated with drivers of business success to help identify where resources should be placed to provide maximum business benefit.
- Methods to improve how employee satisfaction is determined are systematically evaluated and improved. Techniques to actually improve employee satisfaction and well being are themselves, evaluated and refined consistently.

Category 6: Process Management

This category examines the key aspects of the organization's process management, including customer-focused design, product and service delivery, support and supplier and partnering processes involving all work units.

Product and Service Processes

- Design, develop and introduce products and services to meet customer requirements, operational performance requirements, and market requirements
- Ensure a rapid, efficient, trouble-free introduction
- Manage and continuously improve operating processes

Product and Service Processes – Effective Practices

- A systematic, iterative process (such as quality function deployment) is used to maintain a focus on the voice of the customer and convert customer requirements into product or service design, production, and delivery.
- Product design requirements are systematically translated into process specifications, with measurement plans to monitor process consistency.
- The work of various functions is coordinated to bring the product or service through the design-to-delivery phases. Functional barriers between units have been eliminated organization wide.
- Concurrent engineering is used to operate several processes (for example, product and service planning, R&D, manufacturing, marketing, supplier certification) in parallel as much as possible, rather than operating in sequence. All activities are closely coordinated through effective communication and teamwork.
- Internal process capacity and supplier capability, using such measures as are reviewed and considered before production and delivery process designs or plans are finalized.
- Market, design, production, service, and delivery reviews occur at defined intervals or as needed.
- Steps are taken (such as design testing or prototyping) to ensure that the production and delivery process will work as designed and will meet customer requirements.
- Design processes are evaluated, and improvements have been made so that future designs are developed faster (shorter cycle time), at lower cost, and with higher quality, relative to key product or service characteristics that predict customer satisfaction.
- Performance requirements (from Item 6.1a, design processes, and Item 3.1, customer requirements) are set using facts and data and are monitored using statistical or other process control techniques.
- Production and service delivery processes are measured and tracked. Measures (quantitative and qualitative) should reflect or assess the extent to which customer requirements are met, as well as production consistency.

- For processes that produce defects (out-of-control processes), root causes are quickly and systematically identified, and corrective action is taken to prevent their recurrence.
- Corrections are monitored and verified. Improvements are shared throughout the organization.
- Processes are systematically reviewed to improve productivity, reduce cycle time and waste, and increase quality.
- Tools are used such as flowcharting, work redesign, and reengineering throughout the organization to improve work processes.
- Benchmarking, competitive comparison data or information from customers of the process (in or out of the organization) is used to gain insight to improve processes.

Support Processes

- Design, develop and introduce products and services to meet customer requirements, operational performance requirements, and market requirements
- Manage and continuously improve support processes

Support Processes – Effective Practices

- A formal process exists to understand internal customer requirements, translate those requirements into efficient service processes, and measure their effectiveness.
- Specific improvements in support services are made with the same rigor and concern for the internal and external customer as improvements in core operating processes.
- All key support services are subject to continuous review and improvements in performance and customer satisfaction.
- Systems to ensure process performance are maintained, and customer requirements are met. In-process measures are defined and monitored to ensure early alert of problem.
- Root causes of problems are systematically identified and corrected for processes that produce defects.
- Corrections are monitored and verified. Processes used and results obtained should be systematic and integrated throughout the organization.
- Support processes are systematically reviewed to improve productivity, reduce cycle time and waste, and increase quality. Ideas are shared throughout the organization.
- Work process simplification or improvement tools are used with measurable sustained results.
- Stretch goals are used to drive higher levels of performance.
- Benchmarking, competitive comparison data or information from customers of the process (in or out of the organization) is used to gain insight to improve processes.

Supplier and Partnering Performance

- Ensure performance requirements are met, minimize supplier cost, and help suppliers improve performance and their ability to help you

Supplier and Partnering Processes – Effective Practices

- Performance requirements are clearly defined in measurable terms and communicated to suppliers.
- Decisions on which suppliers are selected are driven by measurable performance characteristics of the supplier's capabilities to achieve high levels of Performance Excellence and exceed requirements, rather than primarily on price.
- Measures of expected supplier performance are in place.
- Data on supplier and partner performance are provided to suppliers frequently so that they can adjust and improve performance rapidly.
- The organization has a system in place to review and improve its own procurement processes and processes for communicating with and selecting suppliers and partners.
- Procedures are in place to improve supplier and partner performance (for example, fewer defective parts, less rework and scrap, faster response time) that include training or certification programs. The organization systematically helps its key suppliers improve their own performance and capabilities. This information is shared throughout the organization.
- Actions are taken to reduce unnecessary costs such as incoming inspection, testing, or audits by improving the internal performance systems of suppliers and partners.

Category 7: Business Results
This category examines the organization's performance and improvement in key business areas – customer satisfaction, product and service performance, financial and marketplace performance, human resource results, supplier and partner results, and operational performance.

Taken together, business results present a balanced scorecard of organizational performance. The measures represent a balance between leading and lagging indicators and enable decision-makers to identify problems early and take corrective action.

Customer Focused Results – Effective Practices
- Trends and indicators of customer satisfaction and dissatisfaction (including complaint data), segmented by customer groups, are provided in graph and chart form for all key measures. Multiyear data are provided.
- All indicators show steady improvement. (Indicators include data collected in Area 3.2b, such as customer assessments of products and services, customer awards, and customer retention, such as quality levels and on-time delivery.)
- All indicators compare favorably to competitors or similar providers.
- Graphs and information are accurate and easy to understand.
- Data are not missing.
- Results data are supported by customer feedback, customers' overall assessments of products and services, customer awards, and indicators from design and production/delivery processes of products and services.
- Data are presented concerning customer dissatisfaction for the most relevant product or service quality indicators collected through the processes described in Item 3.2b (some of which may be referenced in the business overview).
- Operational data are presented that correlate with, and help predict customer satisfaction. These data show consistently improving trends and levels that compare favorably with competitors.

Financial and Market Results – Effective Practices
- Key measures and indicators of organization market and financial performance address the following areas:
  - Effective use of materials, energy, capital, and assets;
  - Asset utilization;
  - Market share, business growth, new markets entered, and market shifting;
  - Return on equity;
  - Operating margins;
  - Pretax profit;
  - Earnings per share;
  - Generating enough revenue to cover expenses (not-for-profit and public sector); and

  - Operating within budget (government sector).
- Measures and indicators show steady improvement.
- Important financial and market data are presented.
- Comparative data include industry best, best competitor, and other appropriate benchmarks.

Human Resource Results – Effective Practices

- The results reported in Item 7.3 derive from activities described in Category 5 and the Human Resource Plans and Goals from Item 2.2a.
- Multiyear data are provided to show sustained performance.
- All results show steady improvement.
- Data are not missing. If human resource results data are declared important, they are reported.
- Comparison data for benchmark or competitor organizations are reported.
- Trend data are reported for employee satisfaction with working conditions, safety, retirement package, and other employee benefits. Satisfaction with management is also reported.
- Trends for declining absenteeism, grievances, employee turnover, strikes, and worker compensation claims are reported.
- Data are reported for all employee categories.

Supplier and Partner Results – Effective Practices

- Results are broken out by key suppliers or supplier types as appropriate. Data are presented using the measures and indicators of supplier performance described in the Business Overview, Item 6.3, and relevant goals in Area 2.2b.
- If the organization's supplier management efforts include factors, such as building supplier partnerships or reducing the number of suppliers, data related to these efforts are included in responses.
- Supplier performance measures include defect rate, on-time delivery, and number of certified suppliers.
- Multiyear data are provided to demonstrate steady improvement.
- Data are not missing. All data declared to be important are reported.
- Comparison data for suppliers of benchmark or competitor organizations are reported.
- Data are broken out by meaningful supplier categories to demonstrate consistent improvement in each category.

Organizational Effectiveness Results – Effective Practices

- Indices and trend data are provided in graph and chart form for all operational performance measures identified in Items 6.1, 6.2, and 1.2; relevant organizational goals (2.2); and the key business factors identified in the business overview and not reported elsewhere in Category 7. Multiyear data are reported.

- Most to all indicators show steady improvement.
- Product and service quality measures and indicators address requirements, such as accuracy, timeliness, and reliability. Examples include defect levels; repeat services; meeting product, service delivery, or response times; and availability levels. However, if these measures predict customer satisfaction, they should be moved to Item 7.1.
- Operational performance measures address:
  - Productivity, efficiency and effectiveness, such as productivity indices, human resource utilization, waste reduction, energy efficiency, and product/service design improvement measures
  - Public responsibilities, such as environmental improvements
  - Cycle time reductions
- Comparative data include industry best, best competitor, industry average, and appropriate benchmarks. Data are also derived from independent surveys, studies, and laboratory testing or other sources.
- Data are not missing. (For example, do not show a steady trend from 1992 to I998, but leave out 1994.)
- Data are not aggregated, since aggregation tends to hide poor performance by blending it with good performance. Break out and report trends separately such studies depend on industry and organization size.
- The process of collecting complete, timely, and accurate customer satisfaction and dissatisfaction data is regularly evaluated and improved.

C. 1. DHR DATASTAT

As part of its strategic efforts, DHR has committed to becoming a high performance organization. A critical component of this is improving how the department tracks and uses performance measurement data. MFR facilitates setting goals and objectives for the year and indicators to measure success. This is an important first step – aligning performance measures with goals from an MFR strategic planning process assures that the right things are being measured.

However, in order to achieve goals, there needs to be some mechanism to track performance regularly throughout the year. DHR has used many methods over the years, from traditional monthly reports like FIA's Monthly Statistical Report (the "Green Hornet") to web-based reporting on the DHRNet and ad hoc data reports through the DHR Information System (DHRIS). DataStat is a new process for executive level review of progress towards meeting the Departments most critical goals. Now a part of the monthly Expanded Executive Staff meeting, DataStat is simply a brief review and discussion of the latest performance measure data for a focus area of the DHR Balanced Scorecard. For example, one recent session included audit data from across the agency as a measure of Compliance. Another session looked at information on employment and job retention as measures of customer independence.

DataStat relates directly to Category 4 – Information and Analysis – under the DHR Criteria for Performance Excellence. The Department generates a tremendous amount of data, and DataStat is the formal strategic process used to analyze some of this data at the highest levels of the organization. When that data is charted, trends emerge. Leadership can analyze these trends to make timely decisions, impacting departmental performance positively before the end of a fiscal year.

What is DataStat?

- ✓ A monthly meeting with all Expanded Executive Staff, focused solely on performance data
- ✓ A review of progress toward DHR goals as described in the Strategic Plan
- ✓ A forum for making timely decisions that impact DHR's success at reaching its goals
- ✓ An opportunity for showing success and sharing methods of achieving success
- ✓ A way to ensure accountability

DataStat is not a computer program or system. At this point, it is a very low-tech process. The Office of the Deputy Secretary for Planning meets with administrations to select the measures and data to present, and simple Excel charts are constructed. These charts and graphs are projected on a screen during the meeting, allowing for active discussion. Examples of the kind of information presented at DataStat can be seen on the DHRNet at: www.dhrnet.dhr/planning/prioritymfr.htm. This is the same kind of information that would be available in a future automated executive reporting system. For now, DataStat is a hand-made operation.

DataStat has been in operation since June 2001. Enhancements for 2002 included:
- agenda development by the Secretary's Management Team meeting, narrowing the focus to key issues;
- distribution of data to executive staff a week before the sessions in order to give time for analysis;
- organizing topics by DHR goals rather than by administrations; and
- presentation of DataStat at the monthly expanded executive staff meetings.

Some administrations have decided to use this kind of tool internally, as well, and CSA, SSA, and others are planning their own mini-DataStats to look at their performance in more detail.

CIS REPORTING SYSTEM

DataStat relies on performance measure data and other reports that already exist. An automated CIS Reporting System including powerful tools for analysis could support this process. This has been accomplished to a small degree already, by collecting data for the Priority Performance Measures in a spreadsheet accessible on the DHRNet. This spreadsheet includes graphs that make data analysis easier.

OTHS and ODSP have pursued options to take this model to the next level that will increase the ability to "drill down" into data points that drive the outcome measures. It would also allow managers to spend less time producing management reports and more time analyzing the data to interpret what it is saying about performance, and suggest strategies that can be implemented to affect future customer outcomes.

Although such a system would rely on data from case management systems (i.e. CIS), it is not a replacement for or even an upgrade of those systems, but rather an executive level "window" into the data and reports produced by those systems, designed to facilitate quick and timely analysis. The hope is that access could be web-based; technology is on the market that could give DHR this capacity. The limiting factor at the moment is funding.

For more information about DataStat and the CIS Reporting System, contact ODSP, John Irvine, (410) 767-8965.

DataStat Timeline

Ongoing	ODSP receives updated data for standardized performance measures on a regular basis. Includes personnel measures from HRDT.
Two weeks prior	ODSP meets with Administration staff, HRDT, OTHS to review any data issues, additional data for DataStat session.
One week prior	ODSP develops packet with charts.
Prior Wednesday	ODSP sends packet to invited attendees.
Prior Monday	ODSP briefs Senior Management Team that decides what issues to focus on.
DataStat Day: 10AM, Third Wednesday during Expanded Executive Staff Meeting	**DataStat session:** • Report on item/s/deliverables from prior sessions (prior Administrations). • Administration presents brief data highlights, especially new data or trends. • Management team leads questions/discussion. • ODSP captures decisions.
Following Monday	ODSP follows up on decisions, requests at Senior Staff Meetings. (Also on critical goals report.) Team helps determine schedule for Administrations

C.1. CONNECTING THE DOTS TO EXCELLENCE

DHR launched an initiative – "Connecting the Dots to Excellence" – to inform staff about the DHR Management Model and its components.

The Message
"Excellence in everything we do."

The Timeline
This initiative is long-term and continuous.

For more information see the Connecting the Dots to Excellence website on the DHRNet: http://www.dhrnet.dhr/dots/

Ten Ways to Embed Excellence

Excellence needs to be embedded in everyday business processes for it to really deliver. Here are some strategies:

1. Build an excellence strategy. This is your plan based on the knowledge and systems that will give the organization a competitive advantage.

2. Define and communicate excellence performance. Excellence performance can be defined as valuing and using the knowledge of the organization on the job. Do employees know how they create value and achieve objectives for the organization? What knowledge do they need to do this?

3. Identify key positions. In some positions, the way employees deal with excellence can mean the difference between organizational success and failure. These jobs will need knowledge performance targets to match.

4. Develop knowledge-sharing proficiencies. People across the organization need to know what it means to share and use knowledge. A dedicated team will need a special skill set to act as knowledge "brokers".

5. Reward knowledge-sharing behaviors. Rewarding can be planned, explicit, and purposeful. If performance objectives are not part of a manager's job, the organization will have little success in spreading the word.

6. Do no get obsessed with tacit knowledge. You cannot capture everything and plug people's heads into a mainframe (at least not yet). Focus on the connections between people, process or technology that allows knowledge to be shared.

7. Encourage networking and respect communities. Face-to-face or team meetings have a natural dynamic which transfers tacit knowledge. Be careful not to stifle Communities of Practice (COPs) which are often spontaneous hubs for knowledge transfer and fertile seedbeds for new ideas.

8. Capture best practices. From customer services to technical problem solving, most scenarios have already occurred. A little knowledge will go a long way.

9. Map knowledge. “Content management” is often overlooked as part of a strategy. Mapping pulls together all sources of knowledge and creates a “virtual roadmap” so people can easily find the information they need, and helps lock into a course aimed at meeting business objectives.

10. Commit to excellence in organizational literature and handbooks.

C. 2. DHR ORGANIZATIONAL EXCELLENCE TEAM

The Organizational Excellence Team (OET) is a committee of leaders charged with providing guidance on the Department's performance excellence management responsibilities. As a partnership of Central and Local stakeholders, the OET provides guidance in developing key improvement strategies for creating and sustaining performance excellence within the organization. The Team works to strengthen the decision-making process, improve communication, identify critical improvement opportunities, and assure integration of the DHR Criteria for Performance Excellence into daily operations.

Membership
Secretary
Chief of Staff
Deputy Secretary of Planning
Deputy Secretary of Programs
Deputy Secretary of Operations
Four Local Department Directors
Program/Administration Executive Director
Inspector General
Chief Information Officer
Chief Financial Officer
Representatives from two Performance Excellence Councils
Two CQI Representatives

This team is currently reviewing its charter. Updates will be forthcoming.

C. 3. GOVERNOR'S PERFORMANCE EXCELLENCE ASSESSMENT PROGRAM

The Governor's Performance Excellence Assessment Program (GPEAP) uses the Performance Excellence Criteria based on the Malcolm Baldrige Award Performance Excellence Criteria to evaluate State organizations. The assessment accomplishes this through a systematic, disciplined approach to aligning the organization's key performance areas by identifying gaps between agency performance and customer expectations and satisfaction. It also provides the framework for conducting assessments, developing training programs and performance improvement planning, along with a system to measure the organization's progress toward improvement.

GPEAP promotes the sharing of best management techniques, strategies, and performance practices among all Maryland Government organizations and is the model for other organizations, individuals, and teams to assess their performance. In the final phase, the program recognizes the accomplishments Maryland government organizations have achieved in their efforts to improve their overall performance in meeting the needs of Maryland citizens.

There are three methods of assessment that an organization may choose to participate in and complete: (1) **self-assessment**; (2) **peer assessment**; and (3) **recognition assessment**. Each of these methods supports an organization's continuous quality improvement efforts toward performance excellence. A further description of each method of assessment will follow.

The **self-assessment** provides its greatest benefits when it becomes an integral part of the organization's culture. Participants gain an understanding of and a commitment to a disciplined approach of targeting key performance areas, identifying gaps, settings priorities, developing improvement strategies through a team of employees, customers, partners and suppliers, and celebrating success. An objective self-assessment should be a regular, on-going part of any organization's measurement of progress toward performance excellence.

Self-assessments may be undertaken at any time, and do not require adherence to a mandated timetable or payment of fees. Organizations considering a self-assessment may choose to accomplish this through a purely internal process, with the assistance of the Department of Budget and Management's Center for Continuous Quality Improvement or through the use of a consultant.

The **peer assessment process** is more formalized and provides participating organizations with more objectivity than a self-assessment. The Center for Continuous Quality Improvement will create a team of qualified individuals from

Maryland government agencies who will be under the direction of a trained examiner. This team reviews the submitted application and provides written

feedback. This results in a shared experience and may be the ideal first step for organizations that anticipate seeking recognition for their achievements in performance excellence in future years.

Peer assessments must be submitted and completed by the end of the year in which they are filed. A fee based on the size of the organization is charged to all participating organizations. The application must meet the same content requirements and be in the same format as required for the recognition process, however, they do not need to meet the eligibility requirement for implementing Performance Excellence or comply with the Recognition Process timetable.

The **recognition assessment process** is the most structured of the assessment methods and requires the review of an application and a possible site visit by a team of examiners established by the Center for Continuous Quality Improvement. Examiners will determine whether a site visit is necessary and will also determine the level of recognition. The four levels of recognition are Level 4 – Quality Commitment, Level 3 – Quality Achievement, Level 2 – Quality Results, and Level 1 – Performance Excellence. Each participating organization is evaluated and recognized based on the applicant's promotion of performance excellence awareness and best practices at one of the four levels. Deadlines, fees, and a substantial investment of time are required to complete the recognition assessment process.

The Governor's Performance Excellence Assessment Program begins with a Pre-Application Submission Training Workshop that is mandatory for all eligible agencies. Potential applicant organizations (with the exception of organizations applying for a self-assessment) must submit an Intent To Participate Form to the Center for Continuous Quality Improvement by the deadline, usually in mid-May. Applications for peer assessment and recognition assessment must be submitted and delivered to the CQI Center no later than 4:00 p.m. on the deadline date in late August. Site visits, if applicable, are scheduled by the Examiners mid-September through mid-October. Levels of recognition will be announced at the Governor's Annual Awards and Employee Recognition Conference in November. A Post-Application Debriefing Workshop is held in mid-December.